

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS**

SEPTEMBER 30, 2003

(In Thousands)

Total fund balances for governmental funds \$ 3,294,395

Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the funds. (Note 9)

Land and other non-depreciable assets	3,127,158	
Buildings, equipment, and other depreciable assets	4,117,630	
Infrastructure	11,563,690	
Construction in progress	1,387,993	
Interest in joint ventures	31,398	
Accumulated depreciation	<u>(1,647,826)</u>	18,580,042

Certain tax revenues are earned but not available and therefore are not
reported in the funds. 1,911,795

Other long-term assets are not available to pay for current period
expenditures and therefore are deferred in the funds. 88,756

Internal service funds are used by management to charge the costs of
certain activities, such as insurance and telecommunications, to
individual funds. The assets and liabilities of the internal service funds
are included in governmental activities in the Statement of Net Assets. 124,910

Certain pension trust funds have been funded in excess of the annual
required contributions, creating a year-end asset. This asset is not a
current available resource and is not reported in the funds. (Note 10) 1,971

Deferred issue costs are reported as current expenditures in the funds.
However, deferred issue costs are amortized over the life of the bonds
and are included in the governmental activities in the Statement of Net
Assets. 22,299

Long-term liabilities are not due and payable in the current period and
therefore are not reported in the funds. (Note 14)

Capital lease obligations	(453,418)	
Compensated absences	(380,735)	
Workers' compensation	(105,480)	
Litigation and other claims and judgments	(617,725)	
Net pension obligations	(154,536)	
Arbitrage	<u>(465)</u>	(1,712,359)

Long-term bonded debt is not due and payable in the current period and
therefore is not reported in the funds. Unamortized premiums, loss on
refundings, and interest payable are not reported in the funds. However,
these amounts are included in the Statement of Net Assets. This is the
net effect of these balances on the statement. (Note 12)

Bonds and notes payable	(5,933,003)	
Unamortized premiums	(183,516)	
Less deferred loss amount on refundings	128,969	
Accrued interest payable	<u>(93,900)</u>	<u>(6,081,451)</u>

Net assets of governmental activities \$ 16,230,358

The accompanying notes are an integral part of the financial statements.